

Message Text

LIMITED OFFICIAL USE

PAGE 01 SECTO 24098 01 OF 07 161322Z

45

ACTION PRS-01

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 AGR-05 FRB-03 LAB-04 PA-01

TAR-01 NSCE-00 SSO-00 USIE-00 INRE-00 CCO-00 AF-06

ARA-06 EA-07 EUR-12 NEA-10 XMB-02 IO-10 /142 W

----- 053763

O 161303Z DEC 75

FM USDEL SECRETARY IN PARIS

TO SECSTATE WASHDC IMMEDIATE

LIMITED OFFICIAL USE SECTION 01 OF 07 SECTO 24098

WASH DC FOR S/PRS

E.O. 11652: N/A

TAGS: OVIP (KISSINGER, HENRY A.)

SUBJECT: SECRETARY'S ADDRESS AT CIEC - SECTION II

1. INVESTMENT AND TECHNOLOGY FOR DEVELOPMENT
THE BALANCE OF PAYMENTS DEFICITS OF THE DEVELOPING COUNTRIES WILL PERHAPS MODERATE AS THE GLOBAL ECONOMY RECOVERS FROM RECESSION. BUT SUSTAINED ECONOMIC GROWTH REQUIRES THE CONTINUOUS APPLICATION OF CAPITAL, TECHNOLOGY, AND MANAGEMENT SKILLS TO DEVELOPMENT NEEDS.

2. PRIVATE INVESTMENT HAS ALWAYS BEEN A MUCOR
FACTOR IN THE GROWTH OF THE GLOBAL ECONOMY. MY
OWN COUNTRY HAS BENEFITED FROM FOREIGN INVESTMENT THROUGHOUT ITS HISTORY. TODAY,
MORE THAN EVER, THE DEVELOPING COUNTRIES
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SECTO 24098 01 OF 07 161322Z

NEED THIS CAPITAL IN ADDITION TO THE LIMITED

SUPPLY OF OFFICIAL DEVELOPMENT ASSISTANCE.

3. TO MAKE THIS POSSIBLE, GOVERNMENTS OF DEVELOPING COUNTRIES NEED BETTER ACCESS TO WORLD CAPITAL MARKETS. THE UNITED STATES HAS URGED THAT TECHNICAL ASSISTANCE AND EXPERTISE BE PROVIDED TO DEVELOPING COUNTRIES THAT ARE READY TO ENTER LONG-TERM PRIVATE CAPITAL MARKETS FOR THE FIRST TIME. WE HAVE PROPOSED A MAJOR EXPANSION OF THE RESOURCES OF THE WORLD BANK'S INTERNATIONAL FINANCE CORPORATION TO STRENGTHEN THE PRIVATE SECTOR IN DEVELOPING COUNTRIES AND TO ENHANCE THEIR INTERNATIONAL COMPETITIVENESS FOR PRIVATE CAPITAL. WE HAVE RECOMMENDED CREATION OF AN INTERNATIONAL INVESTMENT TRUST TO MOBILIZE PRIVATE PORTFOLIO CAPITAL FOR INVESTMENT IN LOCAL ENTERPRISES. AND WE ARE CONTRIBUTING TO THE WORK OF THE IMF/WORLD BANK DEVELOPMENT COMMITTEE TO ASSIST IN REMOVING IMPEDIMENTS TO DEVELOPING COUNTRIES' ACCESS TO CAPITAL MARKETS.

4. BUT WE ALSO BELIEVE THAT ONE OF THE MOST IMPORTANT VEHICLES FOR TRANSFERRING CAPITAL, TECHNOLOGY AND MANAGEMENT SKILLS TO WHERE THEY ARE MOST NEEDED IS PRIVATE ENTERPRISE. THERE SIMPLY IS NOT ENOUGH GOVERNMENTAL CAPITAL AVAILABLE. BECAUSE OF IDEOLOGICAL CONSIDERATIONS, THESE PRIVATE ENTERPRISES OPERATE IN AN INVESTMENT CLIMATE INCREASINGLY CLOUDED BY UNPREDICTABLE NATIONAL LEGISLATION AND UNCERTAIN RULES OF THE GAME.

5. IN THIS ENVIRONMENT EVERYBODY SUFFERS. HOST COUNTRIES ARE DEPRIVED OF THE CAPITAL RESOURCES, TECHNOLOGY AND MANAGEMENT WHICH THESE ENTERPRISES UNIQUELY PROVIDE, AS WELL AS A SOURCE OF TAX REVENUE. HOME COUNTRIES ARE DEPRIVED OF THE OVERSEAS MARKETS, INVESTMENT INCOME, AND THE NEW IDEAS AND TECHNIQUES WHICH COME LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SECTO 24098 01 OF 07 161322Z

WITH FOREIGN CONTACT. AND THE ENTERPRISES THEMSELVES ARE SQUEEZED AT BOTH ENDS, MAKING OVERSEAS INVESTMENT LESS WORTHWHILE FOR THEM AND REDUCING THEIR CONTRIBUTION TO HOME AND HOST COUNTRY ALIKE AND TO THE GLOBAL PRODUCT.

6. THE UNITED STATES HAS TAKEN AN ACTIVE PART IN INTERNATIONAL EFFORTS TO FACILITATE IN-

INTERNATIONAL INVESTMENT ON A BASIS THAT SERVES
THE INTERESTS OF ALL PARTIES. WE ARE WILLING
TO EXPLORE VOLUNTARY GUIDELINES FOR THE
BEHAVIOR OF BOTH TRANSNATIONAL ENTERPRISES
AND GOVERNMENTS. AT THE UNITED NATIONS I
STATED FOUR BASIC PRINCIPLES THAT SHOULD BE
INCLUDED:
--TRANSNATIONAL ENTERPRISES MUST OBEY
LOCAL LAW AND REFRAIN FROM UNLAWFUL INTERVENTION

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 SECTO 24098 02 OF 07 161344Z

45

ACTION PRS-01

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 AGR-05 FRB-03 LAB-04 PA-01

TAR-01 NSCE-00 SSO-00 USIE-00 INRE-00 CCO-00 AF-06

ARA-06 EA-07 EUR-12 NEA-10 XMB-02 IO-10 /142 W

----- 053933

O 161325Z DEC 75

FM USDEL SECRETARY IN PARIS
TO SECSTATE WASHDC IMMEDIATE

LIMITED OFFICIAL USE SECTION 02 OF 07 SECTO 24098

IN THE DOMESTIC AFFAIRS OF HOST COUNTRIES.
--HOST GOVERNMENTS MUST TREAT THESE
ENTERPRISES EQUITABLY, WITHOUT DISCRIMINATION
AMONG THEM, AND IN ACCORDANCE WITH INTERNATIONAL
LAW.
--BOTH GOVERNMENTS AND BUSINESSES MUST

RESPECT THE CONTRACTUAL OBLIGATIONS THEY FREELY UNDERTAKE.

--PRINCIPLES FOR TRANSNATIONAL ENTERPRISES SHOULD APPLY TO DOMESTIC ENTERPRISES WHERE RELEVANT.

7. BUT EFFORTS SHOULD NOT BE LIMITED TO GENERAL GUIDELINES FOR INVESTMENT. OTHER REMEDIAL MEASURES ARE POSSIBLE.

8. TAXATION IS ONE SUCH AREA. BECAUSE THEY OPERATE IN MULTIPLE JURISDICTIONS, TRANSNATIONAL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SECTO 24098 02 OF 07 161344Z

ENTERPRISES MAY SOMETIMES BE SUBJECT TO EITHER DOUBLE TAXATION OR INAPPROPRIATE TAX INCENTIVES. THE RESULT IN EITHER CASE IS THAT INVESTMENT PATTERNS ARE DISTORTED. WE MUST FIND WAYS TO ENABLE BOTH HOST AND HOME COUNTRIES TO COORDINATE THEIR TAX POLICIES AND MAKE THEM MORE EQUITABLE TO EACH OTHER AND TO PRODUCTIVE ENTERPRISES.

9. A SECOND AREA FOR IMPROVEMENT IS INTERGOVERNMENTAL CONSULTATION ON INVESTMENT DISPUTES. THIS IS ESPECIALLY IMPORTANT TO DEVELOPING COUNTRIES WHOSE PROGRESS IS DEPENDENT ON A CLIMATE CONDUCIVE TO AN ADEQUATE FLOW OF INVESTMENT. IT IS TIME TO DEVELOP GENERALLY ACCEPTED INTERNATIONAL RULES FOR THE SETTLEMENT OF INVESTMENT DISPUTES AND THE ARBITRATION OF DIFFERENCES, AND OTHER GUIDELINES FOR DEALING WITH PROBLEMS ARISING BETWEEN GOVERNMENTS AND ENTERPRISES. THE UNITED STATES RECOMMENDS THAT THE WORLD BANK'S INTERNATIONAL CENTRE FOR THE SETTLEMENT OF INVESTMENT DISPUTES BE GIVEN A GREATER ROLE IN SOLVING IMPORTANT INVESTMENT CONTROVERSIES.

10. INTERNATIONAL ASSISTANCE FOR DEVELOPMENT NOT ALSO FOCUS ON THE ADVANCEMENT, SELECTION, AND APPLICATION OF MODERN TECHNOLOGY.

11. MANY COUNTRIES IN THE DEVELOPING WORLD ARE ALREADY ON THE PATH OF INDUSTRIALIZATION. THEY HAVE PROVED THEIR CAPACITY TO TAKE ADVANTAGE OF THE VAST STOREHOUSE OF MODERN TECHNOLOGY. THE UNITED STATES ENCOURAGES THIS ENDEAVOR. WE HAVE LONG BEEN IN THE FOREFRONT OF THE EFFORT TO TRAIN MORE MANAGERS, TECHNICIANS, AND RESEARCHERS IN THE DEVELOPING COUNTRIES TO

CARRY THIS FORWARD.

12. MOST TECHNOLOGY TRANSFER TAKES PLACE
THROUGH INTERNATIONAL INVESTMENT AND THE OPERA-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SECTO 24098 02 OF 07 161344Z

TIONS OF TRANSNATIONAL ENTERPRISES ON A
LICENSING, EQUITY OR CONTRACT BASIS. THE U.S.
UNDERSTANDS THE CONCERN OF MANY DEVELOPING
COUNTRIES NOT TO BECOME THE REPOSITORY OF
OF OBSOLESCE TECHNOLOGY. TECHNOLOGY MUST BE
SUITED TO LOCAL NEEDS, THE TERMS AND CONDITIONS
MUST BE MUTUALLY ACCEPTABLE, AND IT MUST BE
EFFECTIVELY MANAGED AND UTILIZED. DEVELOPING
COUNTRIES MUST BE ENABLED TO MAKE THEIR
OWN INFORMED CHOICES OF FOREIGN OR DOMESTIC
TECHNOLOGY, TO ADAPT IT TO THEIR OWN NEEDS AND
CONDITIONS, AND TO MANAGE ITS APPLICATION SKILL-
FULLY. THIS TECHNOLOGY TRANSFER REQUIRES THE
DEVELOPMENT OF HUMAN CAPABILITIES--THE MANAGE-
MENT AND SKILLS THAT CONSTITUTE THE INFRASTRUCTURE
OF TECHNOLOGICAL DEVELOPMENT.

13. PEOPLE--THEIR TRAINING AND THEIR PLACEMENT
IN A COUNTRY'S MANAGEMENT SYSTEMS--ARE THE KEY
TO MAKING TECHNOLOGY A PRODUCING RESOURCE.
INTERNATIONAL COOPERATION CAN MAKE NO GREATER
CONTRIBUTION TO DEVELOPMENT THAN TO FOSTER
THE TRAINING OF A CORPS OF SPECIALISTS IN
EACH COUNTRY COMPETENT TO SELECT, BARGAIN FOR
AND MANAGE TECHNOLOGIES. WE SEE THIS REQUIRE-

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 SECTO 24098 03 OF 07 161352Z

42

ACTION PRS-01

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 AGR-05 FRB-03 LAB-04 PA-01

TAR-01 NSCE-00 SSO-00 USIE-00 INRE-00 CCO-00 AF-06

ARA-06 EA-07 EUR-12 NEA-10 XMB-02 IO-10 /142 W

----- 054026

O 161325Z DEC 75

FM USDEL SECRETARY IN PARIS

TO SECSTATE WASHDC IMMEDIATE

LIMITED OFFICIAL USE SECTION 03 OF 07 SECTO 24098

MENT AS AN IMPORTANT TOPIC FOR CONSIDERATION
BY THE COMMISSION ON DEVELOPMENT, AND WE WILL
MAKE CONCRETE PROPOSALS TO THIS END.

COMMODITIES

14. A HEALTHY GLOBAL ECONOMY REQUIRES THAT
BOTH PRODUCERS AND CONSUMERS FIND PROTECTION
AGAINST THE CYCLE OF RAW MATERIALS SURPLUS
AND SHORTAGE WHICH CHOKES GROWTH AND DISRUPTS
PLANNING. WE MUST ENSURE MORE RELIABLE SUP-
PLIES OF VITAL COMMODITIES ON TERMS FAIR TO ALL.

15. THE PROBLEM IS MOST URGENT IN FOOD, MAN-
KIND'S MOST CRITICAL NEED. THE CYCLES OF FEAST
AND FAMINE, WIDELY FLUCTUATING PRICES OF BASIC FOOD-
STUFFS, AND BREAKDOWNS IN THE SYSTEM OF STORAGE
AND TRANSPORTATION CONTINUE TO AFFLICT MANKIND.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SECTO 24098 03 OF 07 161352Z

THESE SHOW FEW SIGNS OF ABATING. AND IN THE
LONG-RUN, GROWTH IN DEMAND FOR FOOD THREATENS
TO OUTRUN THE EXPANSION OF SUPPLY.

16. AS THE WORLD'S LARGEST PRODUCER AND
EXPORTER OF FOOD, THE UNITED STATES RECOGNIZES
ITS SPECIAL RESPONSIBILITY:

--AT HOME, WE HAVE BEEN COMMITTED TO
POLICIES OF MAXIMUM FOOD PRODUCTION AND HAVE
REMOVED ALL PRODUCTION RESTRAINTS.

--INTERNATIONALLY, WE HAVE PROPOSED A
SYSTEM OF GRAIN RESERVES TO HELP MODERATE

FLUCTUATIONS IN WORLD PRICES AND SUPPLIES.

17. WE BELIEVE THAT OUR GRAIN RESERVES PROPOSAL CAN BE A MODEL FOR COOPERATION ON OTHER COMMODITY PROBLEMS. IT TAKES INTO ACCOUNT THE INTERESTS OF PRODUCERS AND CONSUMERS. IT MAKES SPECIAL PROVISION FOR THE CONCERNS OF DEVELOPING COUNTRIES. ITS RELIANCE ON BUFFER STOCKS MINIMIZES THE DISTORTION OF TRADE, AND IMPROVES THE EFFICIENCY OF THE MARKET. WE NOW AWAIT THE COOPERATION AND COMMITMENT OF OTHERS TO HELP IMPLEMENT THIS PROPOSAL.

18. MOST IMPORTANTLY, WE ARE INCREASING OUR ASSISTANCE TO DEVELOPING COUNTRIES--NOT MERELY FOR SHORT-TERM RELIEF, BUT TO HELP THEM BOOST THEIR OWN AGRICULTURAL PRODUCTION. OUR BILATERAL AID PROGRAMS IN THIS AREA HAVE BEEN EXPANDED GREATLY. WE ALSO STRONGLY SUPPORT THE PROPOSAL FIRST MADE BY OIL EXPORTING COUNTRIES FOR AN INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT. WE HAVE ANNOUNCED OUR WILLINGNESS TO MAKE A CONTRIBUTION OF \$200 MILLION, OR ONE-FIFTH OF THE WORLDWIDE GOAL OF \$1 BILLION.

19. OTHER COMMODITIES ARE OF CRITICAL IMPORTANCE TO MANY COUNTRIES, EITHER AS PRODUCERS OR CONSUMERS. MANY DEVELOPING COUNTRIES DEPEND CRUCIALLY ON EARNINGS FROM COMMODITY EXPORTS TO LIFT THEIR PEOPLE ABOVE SUBSISTENCE LEVELS, TO SUPPORT BASIC SOCIAL PROGRAMS, AND TO FINANCE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SECTO 24098 03 OF 07 161352Z

THE BEGINNINGS OF INDUSTRIALIZATION. THE SOLUTION TO COMMODITY ISSUES WILL AFFECT NOT ONLY THE DEVELOPING COUNTRIES, BUT ALSO THE INDUSTRIAL COUNTRIES--WHO ARE IN FACT THE LARGEST PRODUCERS, CONSUMERS AND EXPORTERS OF COMMODITIES. THE ECONOMIES OF ALL COUNTRIES ARE AFFECTED BY THE INSTABILITIES OF THE MARKET--THE VULNERABILITY OF AGRICULTURAL COMMODITIES TO THE VAGARIES OF WEATHER AND SHIFTS IN WORLD DEMAND; THE SENSITIVITY OF AGRICULTURAL AND MINERAL MARKETS TO FLUCTUATIONS IN THE BUSINESS CYCLE IN INDUSTRIAL COUNTRIES; AND THE HIGHER PRICES OF CRITICAL ENERGY IMPORTS.

20. AT THE SEVENTH SPECIAL SESSION A CONSENSUS WAS ACHIEVED THAT COMMODITY ISSUES SHOULD BE APPROACHED COOPERATIVELY.

21. THE UNITED STATES POSITION IS THAT A
REALISTIC AND CONSTRUCTIVE APPROACH WILL
REQUIRE THAT WE:

--ESTABLISH PRODUCER-CONSUMER FORUMS
FOR DISCUSSIONS OF KEY COMMODITIES;

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 SECTO 24098 04 OF 07 161357Z

42

ACTION PRS-01

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 AGR-05 FRB-03 LAB-04 PA-01

TAR-01 NSCE-00 SSO-00 USIE-00 INRE-00 CCO-00 AF-06

ARA-06 EA-07 EUR-12 NEA-10 XMB-02 IO-10 /142 W

----- 054081

O 161325Z DEC 75

FM USDEL SECRETARY IN PARIS

TO SECSTATE WASHDC IMMEDIATE

LIMITED OFFICIAL USE SECTION 04 OF 07 SECTO 24098

--REDUCE OBSTACLES TO PRODUCERS'
ACCESS TO MARKETS AND TO CONSUMERS'
ACCESS TO SUPPLIES;
--RELY MORE ON BUFFER STOCKS, WHERE
FEASIBLE AND NECESSARY, IN PREFERENCE
TO RESTRICTIONS ON TRADE AND PRODUCTION;
--IMPROVE THE PRODUCTIVITY AND MARKET-
ABILITY OF AGRICULTURAL RAW MATERIALS; AND
--EXPAND WORLDWIDE PRODUCTION CAPACITY

IN OTHER KEY COMMODITIES.

22. WE NOW STAND READY TO COOPERATE IN ESTABLISHING PRODUCER-CONSUMER FORUMS TO DISCUSS COPPER, BAUXITE, AND OTHER COMMODITIES. WE PLAN TO ADDRESS THE QUESTION OF SUPPLY AND MARKET ACCESS IN THE MULTILATERAL TRADE NEGOTIATIONS IN THE NEXT SEVERAL MONTHS. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SECTO 24098 04 OF 07 161357Z

WE HAVE PROPOSED THAT THE IFC AND THE IBRD MAKE AVAILABLE INCREASED FINANCING FOR MINERAL DEVELOPMENT AND LOOK FORWARD TO PROGRESS IN THE NEAR FUTURE. WE PLAN TO

SUPPORT THE UN REVOLVING FUND FOR NATIONAL RESOURCES EXPLORATION. FINALLY, WE HAVE PROPOSED ESTABLISHMENT OF AN ORGANIZATION TO FINANCE AND COORDINATE RESEARCH ON NON-FOOD TROPICAL PRODUCTS TO IMPROVE THEIR PRODUCTIVITY AND COMPETITIVENESS.

23. WE LOOK FORWARD TO ADDITIONAL DISCUSSION OF THESE MEASURES IN THE RAW MATERIALS COMMISSION OF THIS CONFERENCE.

TRADE

24. AN EXPANDING AND MORE OPEN INTERNATIONAL TRADING SYSTEM IS A PRINCIPAL FACTOR IN THE GROWTH AND DEVELOPMENT OF BOTH DEVELOPED AND DEVELOPING NATIONS. WE ARE COMMITTED TO THE STRENGTHENING OF THIS SYSTEM SO IT CAN BETTER SERVE THE NEEDS OF THE INTERNATIONAL COMMUNITY AND INCLUDE IMPORTANTLY THE DEVELOPING NATIONS.

25. TRADE ENABLES NATIONS TO EARN THEIR OWN WAY. IT IS THE MOST CONSISTENT WITH NATIONAL DIGNITY AND WITH THE EFFICIENCY OF THE ECONOMIC SYSTEM.

26. OVER THE LAST FIVE YEARS, IN A MAJOR STEP OF INTERNATIONAL COOPERATION, ALL THE MAJOR INDUSTRIAL NATIONS HAVE COMMITTED THEMSELVES TO ESTABLISH A GENERALIZED SYSTEM OF TARIFF PREFERENCES, GIVING DEVELOPING COUNTRIES BETTER ACCESS TO THE MARKETS OF ALL INDUSTRIAL NATIONS.

27. THE UNITED STATES WILL IMPLEMENT ITS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SECTO 24098 04 OF 07 161357Z

GENERALIZED SYSTEM OF PREFERENCES IN TWO
WEEKS' TIME. UNDER THIS SYSTEM WE WILL
ELIMINATE DUTIES ON 2,724 TARIFF ITEMS, REP-
RESENTING SOME 19 PERCENT OF DUTIABLE NON-OIL
IMPORTS FROM ELIGIBLE COUNTRIES IN 1974.
THIS WILL OPEN UP SIGNIFICANT POTENTIAL NEW
MARKETS FOR THE PRODUCTS OF DEVELOPING COUNTRIES
IN THE UNLTED STATES.

28. TROPICAL PRODUCTS ARE A PROMISING AREA
OF EXPORT EXPANSION FOR MANY DEVELOPING COUNTRIES.
THE INTERNATIONAL TRADING SYSTEM SHOULD EN-
COURAGE THIS EXPANSION. IN THE MULTILATERAL
TRADE NEGOTIATIONS IN GENEVA, WORK IS BE-
GINNING ON A PACKAGE OF TARIFF CONCESSIONS
ON TROPICAL PRODUCTS FOR EARLY IMPLEMENTATION.
WE ATTACH MUCH IMPORTANCE TO THIS EFFORT.

29. TARIFF ESCALATION--THE PROCESS BY UHICH
TARIFFS ARE PROGRESSIVELY INCREASED ON
GOODS AS THEY MOVE HIGHER ON THE LADDER OF
PROCESSING--IS AN OBSTACLE TO THE EXPORTS
AND INDUSTRIALIZATION OF MANY DEVELOPING
COUNTRIES. AT THE UN SPECIAL SESSION, WE
PROPOSED THAT REDUCTION, OR IN SOME CASES
ELIMINATION, OF TARIFF ESCALATION BE AN IM-
PORTANT GOAL FOR THE MULTILATERAL TRADE NEGO-

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 SECTO 24098 05 OF 07 161359Z

45
ACTION PRS-01

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 AGR-05 FRB-03 LAB-04 PA-01

TAR-01 NSCE-00 SSO-00 USIE-00 INRE-00 CCO-00 AF-06

ARA-06 EA-07 EUR-12 NEA-10 XMB-02 IO-10 /142 W

----- 054120

O 161325Z DEC 75

FM USDEL SECRETARY IN PARIS

TO SECSTATE WASHDC IMMEDIATE

LIMITED OFFICIAL USE SECTION 05 OF 07 SECTO 24098

TIATIONS. THE EFFORT TO IDENTIFY AND
NEGOTIATE SPECIFIC CHANGES WILL BEGIN NEXT
YEAR.

30. THIS EFFORT, HOWEVER, IS RELATED IN
OUR VIEW TO THE ISSUE OF ACCESS TO SUPPLY
OF RAW MATERIALS. CONSUMERS CANNOT BE
EXPECTED TO IMPROVE ACCESS TO THEIR MARKETS
FOR FINISHED PRODUCTS IF THEY FACE RESTRIC-
TIONS ON SUPPLIES OF RELATED RAW MATERIALS.
THUS, THE GENEVA NEGOTIATIONS MUST ALSO
IMPROVE ACCESS TO SUPPLY AS WELL AS ACCESS
TO MARKETS.

31. REDUCING OR ELIMINATING NON-TARIFF
BARRIERS TO TRADE IS ANOTHER MAJOR TASK
FACING THE INTERNATIONAL TRADING COMMUNITY.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SECTO 24098 05 OF 07 161359Z

WE WILL MAKE A PARTICULAR EFFORT TO NEGOTIATE
SPECIAL AND DIFFERENTIAL TREATMENT FOR DE-
VELOPLNG COUNTRIES IN THIS AREA.

32. AN IMPROVED AND STRENGTHENED WORLD TRAD-
ING SYSTEM WOULD NOT BE COMPLETE, HOWEVER, IF
IT DID NOT ENSURE GREATER SHARING BY DEVELOPING
COUNTRIES OF BOTH BENEFITS AND RESPONSIBILITIES.
DEVELOPING COUNTRIES SHOULD GRADUALLY TAKE
ON THE NORMAL OBLIGATIONS OF RECIPROCITY
AND TRADE RULES AS THEY PROGRESS.

33. THE MULTILATERAL TRADE NEGOTIATIONS

ARE THE MOST EFFECTIVE FORUM FOR PURSUING
ALL THESE OBJECTIVES.

34. THE UNITED STATES PUT FORWARD PROPOSALS
IN MANY OF THESE AREAS AT THE RECENT MEETING
OF THE TRADE NEGOTIATIONS COMMITTEE IN GENEVA,
AS GOALS FOR 1976. THE DEVELOPING COUNTRIES
WILL ALSO BENEFIT FROM PROGRESS IN ALL
OTHER AREAS OF THE NEGOTIATIONS, WHICH WE
NOW HOPE WILL BE COMPLETED IN 1977.

35. THE UNITED STATES IS COMMITTED TO A ROLE
OF LEADERSHIP IN THE MULTILATERAL TRADE NEGOTIATIONS. WE WILL SEEK RAPID PROGRESS
FOR THE BENEFIT
OF BOTH DEVELOPING AND DEVELOPED COUNTRIES.
I BELIEVE THAT THIS CONFERENCE AND ITS RELEVANT COMMISSIONS SHOULD ENDORSE THE WORK OF
THE MTN. IT SHOULD PROVIDE CONTINUED SUPPORT FOR THE NEGOTIATIONS BY MONITORING AND
CONTRIBUTING IDEAS TO THE WORK IN GENEVA.

GLOBAL POVERTY

36. OUR DELIBERATIONS HERE MUST ADDRESS THE
PLIGHT OF THE ONE-QUARTER OF MANKIND WHOSE
LIVES ARE OVERWHELMED BY POVERTY AND HUNGER
AND NUMBED BY INSECURITY AND DESPAIR. THIS
GROUP HAS SUFFERED IMMEASURABLY FROM HIGH
PRICES OF FOOD AND FUEL. THEIR EXPORT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SECTO 24098 05 OF 07 161359Z

REVENUES HAVE BEEN SERIOUSLY UNDERMINED BY
GLOBAL RECESSION.

37. IN THESE REGIONS LESS THAN ONE PERSON
IN FIVE IS LITERATE; ONE BABY IN TEN DIES
IN CHILDHOOD, AND IN SOME AREAS CLOSER
TO ONE OUT OF TWO; LIFE EXPECTANCY IS LESS
THAN FIFTY YEARS; AND BIRTH RATES CONTINUE
TO BE INTOLERABLY HIGH. PUBLIC EXPENDITURES
FOR EDUCATION AND HEALTH CARE ARE LOW--AND
THEIR PER CAPITA INCOME HAS BEEN DECLINING
FOR THE LAST FOUR YEARS.

38. AND SO TODAY, ALONGSIDE THE THIRD
WORLD WITH ITS INCREASING POWER AND ASSERTIVENESS, THERE HAS COME INTO BEING A FOURTH
WORLD, WHERE HUMAN BEINGS STILL STRUGGLE FOR
BARE EXISTENCE.

39. IN ONE INTERNATIONAL CONFERENCE AFTER
ANOTHER, WE HAVE ALL POINTED TO THE FOURTH
WORLD WITH SINCERE INTENTIONS OF GIVING IM-
MEDIATE HELP, PROVIDING LONG-TERM ASSISTANCE,
AND DEVISING SPECIAL ARRANGEMENTS. WE HAVE
AGREED THAT THIS IS A MAJOR TEST OF A JUST

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 SECTO 24098 06 OF 07 161404Z

42

ACTION PRS-01

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 AGR-05 FRB-03 LAB-04 PA-01

TAR-01 NSCE-00 SSO-00 USIE-00 INRE-00 CCO-00 AF-06

ARA-06 EA-07 EUR-12 NEA-10 XMB-02 IO-10 /142 W

----- 054146

O 161325Z DEC 75

FM USDEL SECRETARY IN PARIS

TO SECSTATE WASHDC IMMEDIATE

LIMITED OFFICIAL USE SECTION 06 OF 07 SECTO 24098

INTERNATIONAL STRUCTURE. IT IS TIME FOR ALL
OF US HERE TO ACT ON OUR WORDS.

40. THREE AREAS NEED IMMEDIATE ACTION.

41. FIRST, MANY OF THE POOREST CANNOT FINANCE
BALANCE OF PAYMENTS DEFICITS BECAUSE THEY
CANNOT GAIN ACCESS TO CAPITAL MARKETS OR
BECAUSE OF HIGH INTEREST RATES ON WHAT LITTLE

FINANCE THEY CAN OBTAIN. THE TRUST FUND WHICH THE UNITED STATES PROPOSED IN THE IMF TO PROVIDE UP TO \$2 BILLION FOR EMERGENCY RELIEF IS OF SPECIAL BENEFIT TO THEM. LET US REACH A CONSENSUS TO CREATE THIS TRUST FUND AT NEXT MONTH'S IMF MEETING IN JAMAICA.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SECTO 24098 06 OF 07 161404Z

42. THE SECOND AREA FOR IMMEDIATE ACTION IS FOOD AID. NO OBLIGATION IS MORE BASIC THAN OUR ENSURING THAT THE POOREST ARE FED. THIS FISCAL YEAR THE UNITED STATES EXPECTS TO PROVIDE MORE THAN SIX MILLION TONS OF FOOD AID--OR MORE THAN 60 PERCENT OF THE TEN MILLION TON GLOBAL TARGET SET BY THE WORLD FOOD CONFERENCE AND A 20 PERCENT INCREASE OVER LAST YEAR'S CONTRIBUTION. OTHERS MUST DONATE THEIR FAIR SHARE.

43. THIRD, THE POOREST COUNTRIES NEED PREFERENTIAL AND EXPANDED ACCESS TO OFFICIAL CONCESSIONARY FINANCIAL AID. THE UNITED STATES WILL DO ITS PART. MORE THAN 70 PERCENT OF OUR BILATERAL DEVELOPMENT ASSISTANCE NOW GOES TO LOW-INCOME COUNTRIES. THE CONCESSIONAL FINANCING OF THE INTERNATIONAL FINANCIAL INSTITUTIONS SHOULD ALSO BE EXPANDED. AT THE SEVENTH SPECIAL SESSION, MY GOVERNMENT PLEDGED TO SUPPORT THE FIFTH IDA REPLENISHMENT AND THE REGIONAL DEVELOPMENT BANKS. WE ARE MAKING EVERY EFFORT TO SECURE CONGRESSIONAL APPROPRIATIONS FOR FUNDS ALREADY COMMITTED. WE HOPE THAT THE TRADITIONAL AND NEW DONORS WILL HELP THE POOREST THROUGH FINANCIAL CONTRIBUTIONS TO BOTH BILATERAL AND MULTILATERAL PROGRAMS.

44. LET US URGENTLY REDEDICATE OURSELVES TO ACTION ON BEHALF OF THE POOREST AMONG US. SUCH ACTION IS THE RESPONSIBILITY OF THE ENTIRE WORLD COMMUNITY--NOT JUST THE INDUSTRIAL COUNTRIES, BUT ALSO THE MORE AFFLUENT IN THE DEVELOPING WORLD. WHILE NO ONE COMMISSION WILL BE DEALING WITH THE TOTALITY OF PROBLEMS OF THE FOURTH WORLD, EACH COMMISSION HAS A RESPONSIBILITY TO BE CONSCIOUS OF THE NEED FOR SPECIAL CONSIDERATION FOR

THE POOREST.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SECTO 24098 06 OF 07 161404Z

CONCLUSION

45. LADIES AND GENTLEMEN:
THE NATIONS AND ECONOMIES OF THE WORLD ARE MANY;
OUR DIFFERENCES ARE GREAT. BUT OUR REASONS
FOR PULLING TOGETHER ARE FAR GREATER.
THEREFORE, OUR DIALOGUE HERE MUST BE CANDID
BUT WITH A POSITIVE SPIRIT AND COOPERATIVE
ATTITUDE. THE PROSPERITY, THE PROGRESS
AND INDEED THE SECURITY OF THE WORLD MAY
DEPEND UPON WHETHER WE SUCCEED IN FINDING
REALISTIC ANSWERS TO THE KINDS OF PROBLEMS
BEFORE US AT THIS CONFERENCE. FOR
LASTING PEACE AROUND THE GLOBE WILL DEPEND
NOT ONLY ON CONTAINING CONFLICT, BUT MOUNTING
PROGRESS. IT REQUIRES NOT MERELY THE
PRESERVATION OF STABILITY, BUT THE FULFILL-
MENT OF HUMAN ASPIRATIONS.

46. THE ISSUES WE FACE ARE OFTEN TECHNICAL,
BUT THEIR IMPLICATIONS COULD NOT BE MORE
PROFOUND. THEY GO TO THE HEART OF OUR FUTURE.
ONLY RARELY IN HISTORY DOES MANKIND CON-
SCIOUSLY SWING OUT FROM FAMILIAR, WELL-MARKED
PATHS TO MOVE IN NEW DIRECTIONS. ONLY
RARELY DOES HUMANITY COMPREHEND AS CLEARLY

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 SECTO 24098 07 OF 07 161402Z

45
ACTION PRS-01

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 AGR-05 FRB-03 LAB-04 PA-01

TAR-01 NSCE-00 SSO-00 USIE-00 INRE-00 CCO-00 AF-06

ARA-06 EA-07 EUR-12 NEA-10 XMB-02 IO-10 /142 W

----- 054193

O 161325Z DEC 75

FM USDEL SECRETARY IN PARIS

TO SECSTATE WASHDC IMMEDIATE

LIMITED OFFICIAL USE SECTION 07 OF 07 SECTO 24098

AS WE DO TODAY THAT CHANGE IS IMMINENT AND
THAT THE DIRECTION TO BE TAKEN IS SUBJECT TO
HUMAN DECISION. THE NATIONS OF THE WORLD
FACE SUCH AN OPPORTUNITY NOW.

47. WE HAVE THE POSSIBILITY OF FORGING
INTERNATIONAL RELATIONSHIPS THAT WILL GOVERN
WORLD AFFAIRS FOR THE NEXT SEVERAL DECADES.
WE CAN BRING TOGETHER DEVELOPED AND DEVELOP-
ING, PRODUCER AND CONSUMER, IN COMMON ENDEAVORS--
OR, WE CAN GO OUR SEPARATE WAYS, WITH EVERY
ONE OF US PAYING THE PRICE FOR A LACK OF
VISION IN LOWER STANDARDS OF LIVING AND
INCREASED INTERNATIONAL TENSIONS. MUTUAL
INTEREST SHOULD BRING US TOGETHER; ONLY
BLINDNESS CAN KEEP US APART.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SECTO 24098 07 OF 07 161402Z

48. THE AMERICAN PEOPLE HAVE ALWAYS BELIEVED
IN A WORLD OF CONCILIATION RATHER THAN A WORLD
RULED BY INTIMIDATION, PRESSURE OR FORCE.
MY COUNTRY, IN SPITE OF ITS OWN STRENGTHS
AND ADVANTAGES, HAS CHOSEN THE PATH OF
COOPERATION. WE WILL REMAIN COMMITTED
TO THAT PATH. BUT WE CANNOT TRAVEL IT ALONE;
OTHERS WILL HAVE TO JOIN US. ALL OF US HERE
MUST BASE OUR POLICIES ON THE REALITY
THAT WE HAVE A PRACTICAL AND MORAL STAKE IN
EACH OTHER'S WELL-BEING.

49. I AM CONFIDENT OF OUR COOPERATION AND

OF OUR SUCCESS. THE RESULT WILL BE A FAIR
AND PROSPEROUS WORLD ECONOMY OF BENEFIT TO
ALL NATIONS, AND WITH IT NEW HOPE, OPPORTUNITY
AND JUSTICE FOR ALL PEOPLES.

50. THANK YOU.
KISSINGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, SECTO, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SECTO24098
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750436-1129
From: SECRETARY PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751235/aaaabeuf.tel
Line Count: 878
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION PRS
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 16
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 27 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 MAY 2003 by WorrelSW>; APPROVED <06 OCT 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SECRETARY'S ADDRESS AT CIEC - SECTION II
TAGS: OVIP, ECON, OCON, US, CIEC, (KISSINGER, HENRY A)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006